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IN THE

Supreme Court of the United States

OCTOBER TERM—1938

No. 701

STANDARD BRANDS INCORPORATED,
Petitioner,

vs.

NATIONAL GRAIN YEAST CORPORATION,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT, AND SUPPORTING BRIEF

LEONARD A. WATSON,
CLAIR V. JOHNSON,
CHARLES P. BAUER,
Counsel for Petitioner.

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PETITION FOR WRIT OF CERTIORARI.

TO THE HONORABLE CHIEF JUSTICE AND ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Your petitioner, Standard Brands Incorporated, respectfully prays for a writ of certiorari to the United States Circuit Court of Appeals for the Third Circuit to review the judgment of that Court entered on February 1, 1939.

A certified transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with Rule 38 of this Court.

Summary and Statement of Matter Involved.

1. This is a patent infringement suit for an injunction and accounting. Five patents were in suit, each relating to a process of manufacturing compressed yeast which is used by bakers as a leavening agent for bread and like bakery products. Both petitioner and respondent manufacture and sell such yeast to bakers.

2. The Circuit Court of Appeals for the Third Circuit, reversing the trial Court, found invalid the issue claims of Hayduck patent 1,449,103 (all of the fifteen claims except Claims 5 and 6) (R. I, 671-680).

In a prior suit by petitioner against another defendant, the Circuit Court of Appeals for the Fourth Circuit affirmed a decree holding valid the same claims, except Claims 9, 10 and 11 not there in issue (*Fleischmann Yeast Co.* v. *Federal Yeast Corporation,* 13 F. (2d) 570, affirming 8 F. (2d) 186; *cf.* accounting proceedings reported at 38 F. (2d) 315).

3. The Circuit Court of Appeals for the Third Circuit found invalid all ten claims of Hayduck patent 1,449,105 (R. I, 681-683), and the issue claims of Hayduck patent 1,449,106 (Claims 1, 3, 4, 5, 6, 8, 12, 13 and 15) (R. I, 683-684).

In a prior suit by petitioner against another defendant, the District Court for the District of Maryland held valid Claims 4, 8, 9 and 10 of Hayduck patent 1,449,105, and all of the above enumerated claims of Hayduck patent 1,449,106, except Claim 15 not there in issue (*Standard Brands, Inc.* v. *Federal Yeast Corporation* 38 F. (2d) 329); after which the defendant settled for the infringement and withdrew its appeal.

4. The reported decisions on these three Hayduck patents* pay tribute to the demonstrated commercial success and industrial importance of these inventions which revolutionized the yeast manufacturing industry.

The records in both the previous and the present litigation show that despite constant efforts to improve yeast

* Another Hayduck patent, 1,449,109, and a Corby *et al.* patent, 1,673,735, also in suit, have not been previously adjudicated and while this petition is not based thereon, petitioner feels that the Circuit Court of Appeals for the Third Circuit was in error in holding the issue claims thereof invalid, and prays that in granting this petition the entire controversy will be considered by this Court.

yield and quality, the highest yield of good quality yeast obtainable prior to Hayduck was 35% on the raw materials (R. I, 99-100); that the specific process of Hayduck patent 1,449,103 almost doubled the yield and effected many important savings (8 F. (2d) 186, 188*); that and the processes of Hayduck patents 1,449,105 and 1,449,106 afforded commercial yields of 80% and over with additional savings (38 F. (2d) 329, 337; R. I, 102-105).

The Record below also shows that petitioner has extensively used the inventions of these patents and that at the date of the trial, October 1935, it had already manufactured and sold over 2 billion pounds of bakers' yeast under Hayduck patent 1,449,103, of which about 1¾ billion pounds utilized the inventions covered by Hayduck patents 1,449,105 and 1,449,106 (R. I, 104-105).

Reasons Relied Upon for the Grant of the Writ of Certiorari.

The discretionary power of this Court to grant a writ of certiorari is invoked upon the following grounds:

1. The decision of the Circuit Court of Appeals for the Third Circuit, in the instant case, is in conflict with a decision of the Circuit Court of Appeals for the Fourth Circuit on the question of validity of Hayduck patent 1,449,103; and is also in conflict with the decision of the trial Court on this matter.

2. The decision of the Circuit Court of Appeals for the Third Circuit, in the instant case, is in conflict with the decision of the District Court for the District of Maryland on the question of validity of Hayduck patents 1,449,-

* The District Court for the District of Maryland described this change as "revolutionary"; the Circuit Court of Appeals for the Third Circuit also so described it (R. I., 672) but failed to appreciate that it was Hayduck's invention.

105 and 1,449,106. These patents were issued to the same inventor on the same day as patent 1,449,103, and the subjects matter thereof and the record not only in the present but in the previous litigation, are so interrelated as to warrant the granting of this petition as to all three, even though as to the last two there is no conflict between Circuit Courts of Appeals.

3. The decision herein of the Circuit Court of Appeals for the Third Circuit to the effect that Hayduck patents 1,449,103 and 1,449,105, may be used as prior art against Hayduck patent 1,449,106 even though they were issued to the same applicant, do not claim the same invention, were all copending in the Patent Office, and issued on the same date; is in direct conflict with the weight of authority, and is an important question of general patent law.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued to the United States Circuit Court of Appeals for the Third Circuit to the end that this cause may be reviewed and determined by the Court, that the judgment of the Circuit Court of Appeals be reversed; and that petitioner be granted such other and further relief as may seem proper.

LEONARD A. WATSON,
CLAIR V. JOHNSON,
CHARLES P. BAUER.
Counsel for Petitioner.

We hereby certify that we have examined the foregoing petition and in our opinion the petition is well founded, and that the case is one in which the prayer of the petition should be granted by this Court.

LEONARD A. WATSON,
CLAIR V. JOHNSON,
CHARLES P. BAUER.
Counsel for Petitioner.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Opinions of the Courts Below.

The opinion of the trial court below is reported at 21 F. Supp. 46 and is found at R. I, 626; the opinion of the Circuit Court of Appeals for the Third Circuit is not yet reported in the Federal Reporter, but is found at 40 U. S. P. Q. 318 and at R. I, 668.

The opinion of the District Court for the District of Maryland in *Fleischmann Yeast Co.* v. *Federal Yeast Corporation,* involving patent 1,449,103, is reported at 8 F. (2d) 186; the affirming opinion of the Circuit Court of Appeals for the Fourth Circuit is reported at 13 F. (2d) 570; and the District Court's opinion in the accounting proceedings is reported at 38 F. (2d) 314.

The opinion of the District Court for the District of Maryland in *Standard Brands Inc.* v. *Federal Yeast Corporation,* involving patents Nos. 1,449,105 and 1,449,106, is reported at 38 F. (2d) 329.

Jurisdiction.

The grounds of jurisdiction are:

(1) The date of the judgment to be reviewed is February 1, 1939.

(2) The judgment was rendered in a suit in equity brought under the patent statutes to determine the issues of validity and infringement of Letters Patent.

(3) The statute under which jurisdiction is invoked is Section 240(a) of the Judicial Code (28 U. S. C. Sec. 347) as amended.

Statement of the Case.

The facts are sufficiently stated in the accompanying petition for writ of certiorari.

Specification of Errors.

The errors which petitioner will urge if the writ of certiorari is granted are that the Circuit Court of Appeals for the Third Circuit erred,

(1) In holding the issue claims of the patents in suit invalid.

(2) In failing to hold the issue claims of the patents in suit valid and infringed.

Argument.

(1) All of the claims except Claims 5 and 6 of Hayduck patent 1,449,103 were here in suit and were held invalid by the Circuit Court of Appeals for the Third Circuit. Of these, Claims 1, 2, 3, 4, 7, 8, 12, 13, 14 and 15 were previously litigated and held valid by the Circuit Court of Appeals for the Fourth Circuit. Hence the conflict between the decisions of the Circuit Courts of Appeals for the Third and Fourth Circuits is direct and complete.

(2) All of the claims of Hayduck patent 1,449,105 and the issue claims of Hayduck patent 1,449,106 (Claims 1, 3, 4, 5, 6, 8, 12, 13 and 15) were held invalid by the Circuit Court of Appeals for the Third Circuit. Claims 4, 8, 9 and 10 of Hayduck patent 1,449,105, and all of the enumerated claims of Hayduck patent 1,449,106, except Claim 15 not there in issue, were previously litigated and held valid by the District Court for the District of Maryland. At the same time, that District Court handed down its opinion in the accounting proceedings of the

previous litigation*, awarding damages at the rate of $.025 per pound of infringing yeast. Defendant filed appeals from both these decisions but later withdrew them and settled for its violation of petitioner's patents by payment of a substantial sum of money.

The conflict between the decisions of the Circuit Court of Appeals for the Third Circuit and the District Court of Maryland on the validity of Hayduck patents 1,449,105 and 1,449,106 and on the scope of Hayduck patent 1,449,103 is also direct and complete.

These three patents are used in combination by both petitioner and respondent and are closely interrelated. They all issued on the same day, are based on applications filed by the same inventor (Hayduck) and are appropriately cross referenced, in that patent 1,449,106 refers to the applications for patents 1,449,105 and 1,449,103 (R. II, 8).

Thus the conflict between two Circuit Courts of Appeals as to patent 1,449,103 should suffice for this Court to grant certiorari as to all three of these Hayduck patents, if not to all five patents in suit.

(3) It is believed that certiorari should be granted as to Hayduck patent 1,449,106 for an additional reason, namely: The Circuit Court of Appeals for the Third Circuit, after finding Hayduck patents 1,449,103 and 1,449,105 invalid, held as to Hayduck patent 1,449,106:

> "It is stipulated by the parties that this patent combines the processes of Hayduck -103, including the principle of neutralization, and the processes of Hayduck -105, including the regulated rate of feeding the nutrient solution. Since we have found patents Hayduck -103 and Hayduck -105 to be invalid it fol-

* The opinion in the accounting proceedings also holds *contra* to the present Courts below on the question of infringement of Hayduck patent 1,449,103 by certain procedural steps.

> lows that we find this patent to be invalid since combining the processes of invalid process patents cannot result in validity" (R. I, 683-684).

The Circuit Court of Appeals thus fell into the same error that the District Court had made (R. I, 634), namely, the error of law in treating Hayduck's patent 1,449,103 and 1,449,105 as prior art against his patent 1,449,106 when the fact is that they do not claim the same invention, were all copending in the Patent Office, and issued on the same date.

This decision is thus in direct conflict with the decisions of this Court dating as far back as *Loom Co.* v. *Higgins*, 105 U. S. 580, 591 (1881) and *The Suffolk Co.* v. *Hayden*, 70 U. S. 315, 319 (1865).

In using Hayduck's copending, but earlier filed, applications as prior art the Circuit Court of Appeals for the Third Circuit has not only disregarded its former decisions, *c. f. Elevator Supplies Co.* v. *Graham & Norton Co.*, 44 F. (2d) 358, 361-62, but has also decided contrary to the Circuit Courts of Appeals of other circuits as summarized by the decision of the District Court for the District of Maryland treating the same defenses in the case of *Standard Brands Incorporated* v. *Federal Yeast Corporation*, 38 F. (2d) 329, 343-343. The District Court for the District of Connecticut perhaps most aptly characterized the defense, in the case of *American Hatters & Furriers Co.* v. *Danbury & Bethel Fur Co.*, 47 F. (2d) 268, 269:

> "It seems clear that one (patent) could not be found invalid in view of the prior art and then used to invalidate the other, as we are bound by the decision of the Circuit Court of Appeals for the Second Circuit in *H. C. White Co.* v. *Morton E. Converse & Son Co.*, 20 F. (2d) 311. Such a procedure, apparently urged by the defendant, is repugnant to equity."

Conclusion.

Wherefore petitioner earnestly prays that the petition for writ or certiorari be granted.

Respectfully submitted,

LEONARD A. WATSON,
CLAIR V. JOHNSON,
CHARLES P. BAUER,
Counsel for Petitioner.

Dated, February 24th, 1939.